

**CROSS RELEASE PXU**

21 February 2014

**Off-market takeover bid by PaperlinX Limited for  
PaperlinX SPS Trust (ASX Code: PXU) - Third Supplementary Bidder's  
Statement**

In accordance with section 647(3)(b) of the *Corporations Act 2001* (Cth), PaperlinX Limited (**PaperlinX**) attaches a copy of its Third Supplementary Bidder's Statement dated 21 February 2014, which is supplementary to the original Bidder's Statement dated 5 December 2013 and the First Supplementary Bidder's Statement dated 20 December 2013 and the Second Supplementary Bidder's Statement dated 24 December 2013.

The Third Supplementary Bidder's Statement was lodged with the Australian Securities & Investments Commission today.

**For further information, please contact:**

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# PaperlinX Limited

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## Third Supplementary Bidder's Statement

**In relation to the off-market takeover offer by PaperlinX Limited (ABN 70 005 146 350) to acquire all of your PaperlinX SPS Units in PaperlinX SPS Trust (ARSN 123 839 814)**

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### Important Information

This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth) (*Corporations Act*). It is the third supplementary bidder's statement issued by PaperlinX Limited (*PaperlinX*) in relation to its off-market takeover offer (*Offer*) for all the step-up preference securities (*PaperlinX SPS Units*) in PaperlinX SPS Trust (*PaperlinX SPS Trust*).

This document supplements, and is to be read together with, PaperlinX's bidder's statement dated 5 December 2013 (*Bidder's Statement*), PaperlinX's first supplementary bidder's statement dated 20 December 2013 (*First Supplementary Bidder's Statement*) and PaperlinX's second supplementary bidder's statement dated 24 December 2013 (*Second Supplementary Bidder's Statement*). This document will prevail to the extent of any inconsistency with the Bidder's Statement, the First Supplementary Bidder's Statement or the Second Supplementary Bidder's Statement. Unless the context requires otherwise, terms defined in the Bidder's Statement have the same meaning where used in this document.

This document is dated and was lodged with ASIC on 21 February 2014. Neither ASIC nor any of its officers takes any responsibility for the contents of this document.

This supplementary bidder's statement should not be taken as personal financial advice, as it does not take into account your individual investment objectives, financial and taxation situation or particular needs. You may wish to obtain independent financial and taxation advice before making a decision whether or not to accept the Offer.

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## 1. Update on FY14 Guidance

### 1.1 Bidder's statement FY14 Guidance

Section 7.2(a) of the Bidder's Statement indicates the following:

- (a) on 21 August 2013, PaperlinX gave guidance to the market that its business would be "marginally profitable" in FY2014 (*FY14 Guidance*);
- (b) at the end of November 2013, it became apparent that the actual October 2013 financial result was materially below PaperlinX's most recent internal forecasts (*Current Internal Forecasts*). This slippage was predominantly attributable to PaperlinX's European business. Interim November 2013 results indicate a further material slippage from Current Internal Forecasts, with the variance attributable entirely to PaperlinX's European business;

- (c) as at the date of the Bidder's Statement, PaperlinX believes that the FY14 Guidance can still be achieved, but it is promptly undertaking a re-examination of the outlook for its businesses (*Earnings Guidance Review*);
- (d) PaperlinX will provide updates on its outlook to the ASX, and via a supplementary bidder's statement once this information is available.

## 1.2 Previous confirmation of FY14 Guidance in Second Supplementary Bidder's Statement

On 24 December 2013 PaperlinX informed the PaperlinX SPS Unitholders under the Second Supplementary Bidder's Statement that it released an ASX announcement on 23 December 2013 updating the market on the outcome of the Earnings Guidance Review and reconfirming FY14 Guidance that the business will be marginally profitable at the Underlying EBIT<sup>(1)</sup> level in FY14.

## 1.3 Update on FY14 Guidance

PaperlinX informs PaperlinX SPS Unitholders under this supplementary bidder's statement that it has released an ASX announcement on 20 February 2014 releasing its 2014 Interim Results and updating the market on its FY14 Guidance. On the same day, PaperlinX also lodged with ASX the Appendix 4D and Interim Financial Report for the six months to 31 December 2013. In summary, the ASX announcement indicates the following:

- (a) PaperlinX announced a statutory loss after tax of \$28.4 million for the 6 months to 31 December 2013 compared to a loss of \$58.6 million for the prior corresponding period;
- (b) market conditions remain weak, particularly in the UK, and recent trading has been below expectations. Consequently, progress towards profitability is slower than expected and the previously provided full year guidance of being marginally profitable at the Underlying EBIT level for the FY14 Full Year has been revised; and
- (c) whilst the second half is still expected to be profitable, it will no longer be sufficient to offset the Underlying EBIT<sup>(1)</sup> loss of \$9.6 million in the first half. Consequently, the FY14 Full Year result is expected to be an Underlying EBIT<sup>(1)</sup> loss in the range of \$5-8 million.

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## 2. Further information

You should call 1300 396 150 (local call cost for callers within Australia) or + 61 3 9415 4261 (callers outside Australia), Monday to Friday between 8.30am and 5.30pm (Sydney time), if you have any questions or require assistance.

This document has been approved by a unanimous resolution of directors of PaperlinX.

Signed by



Robert Kaye SC  
Chairman  
PaperlinX Limited

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<sup>1</sup> Non-IFRS disclosure. Underlying EBIT means statutory profit / (loss) before interest and tax, impairment of non-current assets, restructuring costs and discontinued operations.